ANDREW PELLER LIMITED

ANDREW PELLER LIMITÉE

ANNUAL INFORMATION FORM

JUNE 6, 2018

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FORWARD-LOOKING INFORMATION

Certain statements in this Annual Information Form ("AIF") may contain "forward-looking statements" within the meaning of applicable securities laws, including the "safe harbour" provisions of the *Securities Act* (Ontario) with respect to Andrew Peller Limited ("APL" or the "Company") and its subsidiaries. Such statements include, but are not limited to, statements about the growth of the business in light of the Company's acquisitions; its launch of new premium wines and spirits, sales trends in foreign markets; its supply of domestically grown grapes, and current economic conditions. These statements are subject to certain risks, assumptions and uncertainties that could cause actual results to differ materially from those included in the forward-looking statements. The words "believe", "plan", "intend", "estimate", "expect" or "anticipate" and similar expressions, as well as future or conditional verbs such as "will", "should", "would" and "could" and similar verbs often identify forward-looking statements. We have based these forward-looking statements on our current views with respect to future events and financial performance. With respect to forward-looking statements contained in this AIF, APL has made assumptions and applied certain factors regarding, among other things: future grape and wine, grain and spirits and glass bottle prices and the Company's ability to obtain these raw materials; fluctuations in foreign currency exchange rates; its ability to market products successfully to its anticipated customers; the trade balance within the domestic Canadian and international wine markets; market trends; reliance on key personnel; protection of the Company's intellectual property rights; the economic environment; the regulatory requirements regarding producing, marketing, advertising and labelling its products; the regulation of liquor distribution and retailing in Ontario; and the impact of increasing competition.

These forward-looking statements are also subject to the risks and uncertainties discussed in the "Risks and Uncertainties" section and elsewhere in this AIF and other risks detailed from time to time in the publicly filed disclosure documents of APL which are available at www.sedar.com. Forward-looking statements are not guarantees of future performance and involve risks, uncertainties and assumptions which could cause actual results to differ materially from those conclusions, forecasts or projections anticipated in these forward-looking statements. Because of these risks, uncertainties and assumptions, you should not place undue reliance on these forward-looking statements. The Company's forward-looking statements are made only as of the date of this AIF, and except as required by applicable law, APL undertakes no obligation to update or revise these forward-looking statements to reflect new information, future events or circumstances, or otherwise.

All information contained in this document is given as at March 31, 2018 unless otherwise indicated.

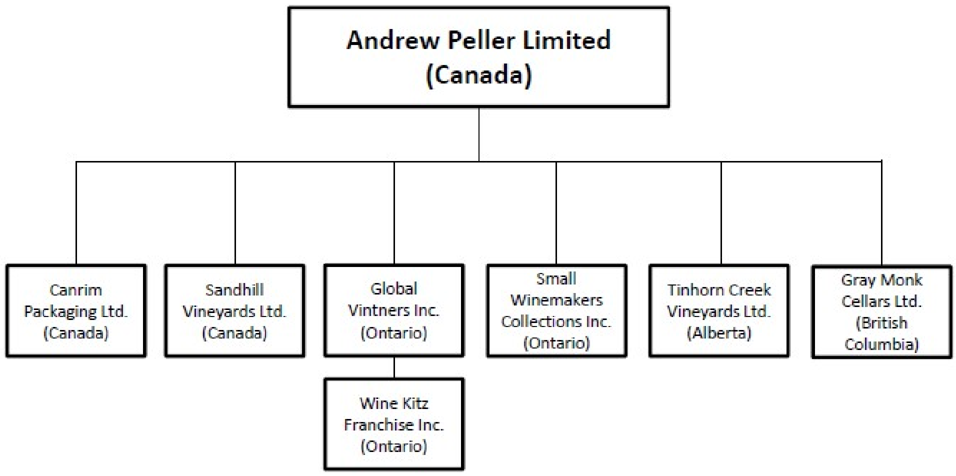
CORPORATE STRUCTURE

Incorporation

Andrew Peller Limited was incorporated under the laws of Canada by Letters Patent dated the 7th day of April 1965 and as amended from time to time by Supplementary Letters Patent. The Company was continued under a Certificate of Continuance dated the 30th day of October 1978, pursuant to Sections 181 and 261 of the *Canada Business Corporations Act*. On June 30, 1994, the Company amalgamated with Hillebrand Estates Winery Limited under Section 185 of the *Canada Business Corporations Act*. On April 1, 2003 the Company amalgamated with Andrés Wines (B.C.) Ltd. and Andrés Wines Atlantic Ltd. under Section 185 of the *Canada Business Corporations Act*. On April 1, 2006, the Company amalgamated with its wholly-owned subsidiary, Cascadia Brands Inc. ("Cascadia"), and Cascadia's wholly-owned subsidiaries Calona Wines Limited, 3126854 Canada Ltd. (formerly, International Potter Distilling Corporation), and 4309693 Canada Inc. (formerly, Arctica Distilling Corporation) under Section 185 of the *Canada Business Corporations Act* under the name Andrés Wines Ltd./Les Vins Andrés Ltée. On April 1, 2007, the Company amalgamated with its wholly-owned subsidiaries, 4384792 Canada Inc. (formerly, 1639199 Ontario Inc.), Grady Wine Marketing Inc., and Forbes Fraser Wines Ltd. under Section 185 of the *Canada Business Corporations Act*. On April 1, 2007, Winexpert Inc., 4384806 Canada Inc. (formerly, Wine Not Inc.), and Vineco International Products Ltd., amalgamated under Section 185 of the *Canada Business Corporations Act* to form 4384814 Canada Inc., a new wholly-owned subsidiary of the Company. On March 31, 2009, 4384814 Canada Inc. changed its name to Global Vintners Inc. On April 1, 2012, the Company amalgamated with Rocky Ridge Vineyards Inc. under Section 185 of the *Canada Business Corporations Act*. On March 18, 2014, Wine Kitz Franchise Inc. purchased Wine Kitz Atlantic Limited, which operated a Wine Kitz master franchise in Atlantic Canada. On October 1, 2017, Andrew Peller Limited purchased 100% of the issued and outstanding shares of Gray Monk Cellars Ltd. and Tinhorn Creek Vineyards Ltd. Both companies were amalgamated with Andrew Peller Limited on April 1, 2018. On October 10, 2017, the Company also acquired 100% of the operating assets of Black Hills Estate Winery.

The Company operates under the name Andrew Peller Limited/Andrew Peller Limitée. The authorized capital of the Company consists of an unlimited number of Preference Shares, issuable in one or more series, of which 33,315 are designated as Preference Shares, Series A, an unlimited number of Class A Shares (non-voting) and an unlimited number of Class B Shares (voting). The Company's head and registered office is located at 697 South Service Road, Grimsby, Ontario, L3M 4E8.

Subsidiaries
The following is APL's structure, including its significant subsidiaries as of the fiscal year ended March 31, 2018 and their jurisdiction of incorporation. All subsidiaries are wholly owned.



GENERAL DEVELOPMENT OF THE BUSINESS

The Company is engaged in the production, bottling and marketing of wines and spirits in Canada. The Company imports bottled premium wines from around the world and markets them through Andrew Peller Import Agency ("API"), and The Small Winemakers Collection Inc. ("SWM"). Vineco International Products, Winexpert, and Wine Kitz divisions of Global Vintners Inc. ("GVI") are producers of wine kits and related accessories for the home winemaking market.

Canada has joined other leading wine producing countries in the development of a body of regulations and standards for 100% Canadian content wines known as the Vintners Quality Alliance ("VQA") system. The VQA system oversees the regulation of the premium wine industry in Canada and has become recognized throughout the world as the appellation system for Canadian wines that meet strict standards of excellence.

The market for wine in Canada has continued to grow due to increased consumption by young consumers who have more recently adopted wine as their beverage of choice, the widely reported health benefits of moderate wine consumption and a movement towards an increased consumption of wine made by an aging population who favour the more sophisticated experience that wine offers.

These events have precipitated significant change in the Canadian wine industry. In order to succeed in this new environment, the Company has undertaken strategic growth initiatives to emerge as a leading participant in the Canadian wine market. Over the past three years, certain events have influenced the general development of APL's business.

The Company continuously reviews its blended, premium, and ultra-premium portfolio of wines to ensure its brands are well positioned for growth in the growing Canadian wine industry. To meet this goal the Company invests in improvements in the quality of grapes, wines and spirits raw materials, its winemaking and distillation capabilities, sales and marketing initiatives, tourism and hospitality experiences and its quality management programs. The Company continues to expand and strengthen its distribution through provincial liquor boards, Ontario independent retail locations and grocery outlets under The Wine Shop, Wine Country Vintners, and Wine Country Merchants store names, estate wineries, restaurants, and other licensed establishments. This distribution network is supported by enhanced sales, marketing, and promotional programs. From time to time the Company also evaluates the potential for acquisitions and partnerships, both in Canada and internationally, to further complement its product portfolio and market presence.

In 2016, the Company launched its *Wayne Gretzky No. 99 Red Cask* Canadian Whisky and in June 2017, held its grand opening of the Wayne Gretzky Estate Winery and Craft Distillery in Niagara-on-the-Lake, Ontario. The 15,000-square foot facility includes a winery, craft distillery, barrel aging cellars, tasting rooms, retail and hospitality facilities, all surrounded by landscaping and vineyards.

NARRATIVE DESCRIPTION OF THE BUSINESS

General

The Company is a leading producer and marketer of quality wines in Canada. With wineries in British Columbia, Ontario, and Nova Scotia, the Company markets wines produced from grapes grown in Ontario's Niagara Peninsula, British Columbia's Okanagan and Similkameen Valleys, and from vineyards around the world. The Company's award-winning premium and ultra-premium Vintners' Quality Alliance ("VQA") brands include *Peller Estates, Trius, Thirty Bench, Wayne Gretzky, Sandhill, Red Rooster, Black Hills Estate, Tinhorn Creek, Gray Monk Estates, Raven Conspiracy,* and *Conviction*. Complementing these premium brands are a number of popularly priced varietal brands including *Peller Estates French Cross* in Eastern Canada, *Peller Estates Proprietors Reserve* in Western Canada, *Copper Moon, Black Cellar,* and *XOXO*. *Hochtaler, Domaine D'Or, Schloss Laderheim, Royal,* and *Sommet* are our key value priced brands. The Company imports wines from major wine regions around the world to blend with domestic wine to craft these quality and value priced brands. The Company also produces wine based liqueurs and cocktails under the brand *Panama Jack* and a craft cider called *No Boats on Sunday*. In October 2016, the Company launched its new *Wayne Gretzky No. 99 Red Cask* Canadian Whisky in certain markets across Canada and in 2017, expanded the Spirits portfolio with *No. 99 Ice Cask, 99 Proof,* and *No. 99 Canadian Whisky Cream* products. With a focus on serving the needs of all wine consumers, the Company produces and markets premium personal winemaking products through its wholly-owned subsidiary, Global Vintners Inc. ("GVI"), the recognized leader in personal winemaking products. GVI distributes products through over 170 Winexpert authorized retailers and more than 500 independent retailers across Canada, with additional distributors in the United States, the United Kingdom, New Zealand, Australia, and China. GVI's award-winning premium and ultra-premium winemaking brands include *Selection, Vintners Reserve, Island Mist, KenRidge, Cheeky Monkey, Traditional Vintage,* and *Cellar Craft*. The Company owns and operates 101 well-positioned independent retail locations in Ontario under The Wine Shop, Wine Country Vintners, and Wine Country Merchants store names. The Company also operates Andrew Peller Import Agency and The Small Winemaker's Collection Inc., importers and marketing agents for premium wines from around the world.

Business Strategy

The Company's mission is to *Pour Extraordinary into Everyday Life*. The Company does this by delivering to its customers and consumers the highest quality wines, spirits, refreshments, and experiences at the best possible value. To meet this goal, the Company invests in improvements in the quality of grapes, wines and spirits raw materials, its winemaking and distillation capabilities, sales and marketing initiatives, tourism and hospitality experiences, and its quality management programs. The Company's wine portfolio covers the complete spectrum of price levels within the Canadian wine market. Over the long term the Company believes premium wine and spirits sales will continue to grow in Canada and these products generate higher prices and increased profitability compared to lower-priced products.

Sales

The Company's net sales for the year ended March 31, 2018 were $363.9 million. The Company's net sales volume is seasonal with highest volumes in the third quarter. Net sales and percentage of sales by quarter were as follows:

	2018		2017	
Quarter	$ millions	%	$ millions	%
First	88.6	25	87.9	26
Second	91.9	25	88.4	26
Third	103.6	28	94.0	27
Fourth	79.8	22	72.3	21
Total	363.9	100	342.6	100

Principal Products

The Company produces products across many segments of the wine market. For the value priced end of the market, the Company sources bulk international wine and blends it with lower priced domestic wine, where the viticulture and harvesting of the grapes is managed at a lower cost than for the domestic premium VQA wine portfolio. Wine brands are offered in each of the three different value wine segments: value red/white/rose blended table wine (<$8/750ml bottle), value sparkling and fortified wine (<$8/750ml bottle) and value varietal wine ($8- $12/750ml bottle). The Company makes one premium priced wine brand ($18/750ml bottle) that is a blend of higher priced international and domestic wine called The Diplomat that is sold in the Company's owned retail stores in Ontario. The Company also makes a wide range of premium priced VQA wines made from 100% domestic high-quality grapes grown in both Ontario and BC. The Company competes in all key premium wine price segments with entry level VQA wine ($12-15/ 750ml bottle), premium VQA wine ($15-25/ 750ml bottle) and super-premium VQA wine (+$25/750ml bottle). The super-premium VQA segment includes high end table wine, icewine, and traditional method sparkling wine.

Table wine from a volume standpoint grew 2.0% over year ago in English Canada and market reports indicate that the North American market is growing approximately 3.0% higher in dollars versus volume as the market continues to premiumize. The Company's largest wine brand is Peller Estates. The Peller Estates portfolio is the most expansive within the Company's line-up of brands with wine offerings ranging from value priced blended table wine right through to super premium VQA table wine. The brand also offers for sale the world's most sought after icewine, as well as two premium sparkling wines that are finished with a dosage of icewine. The Peller Estates winery offered many new experiences this past year including our "10 Below" icewine cave, our "Big Cheese Theory" and of course, our summer concert series.

Copper Moon, the largest brand in the Western Canadian market, is the Company's 2nd largest brand. The brand is a favourite in Western Canada, with exciting in-store promotions and consumer programs.

The Black Cellar brand is the Company's 6th largest brand. The brand is positioned at a slightly higher price point than Peller Estates French Cross/Proprietors Reserve Varietals and Copper Moon and offers a sweeter taste profile to appeal to the younger consumer. Last year there was a major packaging update which, when researched, 72% of respondents responded positively to the new packaging. The packaging change supported an increase in price, improving margins as well as refocusing some of the dual varietals into single varietals which is a larger category. Black Cellar continues to perform well in wine competitions and most recently, the new Pinot Grigio blend won a gold medal at the 2018 Pacific Rim Wine Competition in California.

XOXO improved from the Company's 10th to 8th largest brand. The wine is listed in Eastern Canada and has continued to significantly outperform the market. On the heels of improved packaging that was launched just over a year ago, the bottled business performed solidly and the 4L bag-in-box extension was hugely successful in the first full year in the market. Line extensions of the brand into sparkling and sangria were very successful with the flavoured wines being LCBO's top launches in their categories. In the upcoming year this brand will grow nationally due to the success in Eastern Canada.

Legacy brands Domaine D'or and Hochtaler compete in the value blended segment and both fall within the Company's top 10 brand list. A new package design for Domaine D'or was on shelf early in fiscal 2018 to help support Domaine D'or's performance while an update for the Hochtaler label is hitting the shelves in early fiscal 2019.

The Company continued to invest in growing its VQA portfolio. In addition to Peller Estates VQA, the Company has four other VQA brands in its top 10 brand list: Trius, Wayne Gretzky, Sandhill, and Red Rooster, all of which are supported by estate wineries following the opening of the Wayne Gretzky Estate Winery and Craft Distillery in June 2017. In October 2017, the Company acquired 3 new wineries in the Okanagan becoming the largest BC VQA supplier in Canada. These included Black Hills Estate Winery, Gray Monk Estate Winery, and Tinhorn Creek Vineyards, all of which have prestigious estates in the region.

Black Hills Estate Winery, located on the Black Sage Bench near Oliver, B.C., is one of Canada's most prestigious wine producers with an award-winning portfolio of premium and ultra-premium wines including its flagship Nota Bene, the number one ultra-premium red wine in Canada. Recognized for its terroir, the winery consistently sells out of its high performing portfolio of VQA wines.

Gray Monk Estate Winery, founded in 1972, was a family-owned and operated winery located in Okanagan Centre in the Lake Country region north of Kelowna, B.C. With a beautiful estate winery and vineyards, Gray Monk is a favorite destination for wine lovers visiting the Okanagan Valley to enjoy BC's best-selling Pinot Gris as well as other popular red and white wines.

Tinhorn Creek Vineyards, located on the Golden Mile Bench, the Okanagan's only sub appellation, near Oliver, B.C., sits amongst the vineyards and features the winery's prestigious and award-winning Miradoro Restaurant. Family-owned and operated since 1993, Tinhorn Creek produces both red and white wines in the ultra-premium category sold through their loyal wine club, numerous on-site events, restaurants, and fine wine retailers.

Trius, a well-respected premium Ontario VQA brand and the Company's 5th largest brand, had double digit growth after two years of flat performance due to back to back short crops in Ontario. During the summer the Company launched the Red, White, and Gold campaign celebrating Canada's 150th birthday with three videos featuring Craig McDonald, VP Winemaking, describing what makes Trius so special. Later in the year the marketing shifted to the "everyday iconic" advertising showcasing the brand's food-friendliness. In 2018 all of the new marketing promotions for Trius generated a total of over 71.0 million impressions.

Wayne Gretzky became the Company's 3rd largest brand, coincident with the opening of the Wayne Gretzky Estate Winery & Craft Distillery and the first full year of the Gretzky Red Cask whisky sales. The Company entered the craft spirts market with the launch of Wayne Gretzky Red Cask Whisky in the LCBO and Alberta in October 2016. It was an instant success significantly over delivering against initial estimates. In October 2017, the "It's what's Inside that Counts" promotion was launched and ran throughout the fall. This program reached over 2.4 million individuals, with more than 6.3 million total impressions. In October 2017, the Company hosted its first influencer event at Wayne Gretzky Estate Winery & Craft Distillery, with 15 social media influencers coming in from across Canada. Craig McDonald, VP Winemaking, and Joshua Beach, Master Distiller, hosted the group, and gave them an inside look at the work they do to create the premium wines and spirits we have in the market today.

The spirits portfolio continues to grow with a new Wayne Gretzky Cream whisky launching in Alberta and Ontario. The cream whisky is due to launch in Nova Scotia, New Brunswick, Newfoundland, and PEI throughout the summer and fall of 2018. As well as Canadian success, the brand has moved into the USA with the Wayne Gretzky Red Cask whisky launching in Chicago, Illinois, and St. Louis, Missouri.

Sandhill is the Company's 9th largest brand and produces premium approachable VQA wines with a 20-year award winning history. The focus for Sandhill this fiscal will be around wine education for our customers and consumers.

Red Rooster has a lot to crow about this year. Both in store programming and strong social media support has positioned the brand as "Wines that Rule the Roost". Marketing efforts in and out of store will be executed to leverage this theme in markets throughout Western Canada. Programming in social media channels will also focus on supporting local this year. Red Rooster saw great success from the label change that was implemented last fiscal, the momentum started to build as soon as labels hit shelf. The goal will be to continue this excitement and momentum by highlighting the "Roosters with attitude" in communication through customer and consumer channels.

Thirty Bench Winemakers, a smaller Ontario VQA brand, from a boutique winery on the Beamsville Bench provides wine-confidence to consumers looking for a higher end wine by continuously building a best in class reputation and delivering exceptional, hand-crafted products that are strong award winners. At the Thirty Bench winery, the tasting bar was removed this past year and replaced with an elegant tasting room where guests can relax at a seated tasting.

The Company also sells a wine based cream liqueur brand called Panama Jack's. In 2018, Panama Jack's went through a brand renovation, being re-introduced as 'PJ's', 100% Ontario Craft Cream Liquor. PJ's is a true local craft story with a fresh new look from the farm to your home. Moving forward PJ's will be moving out of the fortified wine section in the LCBO and into the Cream Liqueur section where a larger share of cream sales resides.

The No Boats on Sunday cider brand was launched in 2016 as a test in the Company's owned retail stores in Ontario as well as in Atlantic Canada. Consumers quickly adopted this brand with No Boats becoming the top selling cider in Nova Scotia, ahead of popular cider import brands Somersby and Strongbow as well as outperforming local Nova Scotia cider favorites Bulwark and Shipbuilders. With very positive response to this launch we have expanded our effort for 2019 to include launching into Western Canada as well as our first line extension (Cranberry Cider) in Atlantic Canada. We also branded our first ever pop up store in Niagara-on-The-Lake.

The Company had outstanding results at the recent Decanter World Wine Awards in the UK. Decanter's team of 275 judges, including many of the world's top experts, blind tasted over 16,000 wines. Thirty Bench 2015 Cabernet Franc received the most coveted accolade – Best in Show - with a platinum award (97 points). Trius Brut Rose and Wayne Gretzky Estates 2016 Vidal Icewine also received platinum awards (both 97 points). Overall, our brands received 3 platinum, 2 gold, 8 silver, and 15 bronze awards from the world's most highly influential show.

In addition to the above, VQA brands in Eastern Canada received a total of 184 awards in fiscal 2018 (up from 171 awards a year ago and 30% more awards than 2 years ago), including: 4 platinum, 47 gold, 78 silver, 41 bronze and 3 Lieutenant Governor Awards. Peller Estates and Trius were tied for winning the most gold medals. Thirty Bench took three of the platinum awards and Trius took the fourth. Peller Estates was a big winner on the international stage winning silver at the prestigious Chardonnay du Monde in France for the 2015 Andrew Peller Signature Series Chardonnay. Trius was awarded all our Lieutenant Governor Awards for Excellence in Ontario Wines. They were for the 2014 Showcase Vidal Icewine, the 2015 Showcase Clean Slate Sauvignon Blanc Wild Ferment, and the 2015 Showcase Ghost Creek Riesling.

VQA brands in Western Canada won a total of 96 awards this past fiscal. The total number of awards are down from past years, however, less competitions were entered this year with a focus on quality awards not quantity. The Sandhill portfolio did exceptionally well with over 35 awards in total this year. Four of those awards were classified as "best in class" or double gold. The most prestigious win under the Sandhill portfolio this past year was for the 2015 Soon Series Red which won the 2017 All Canadian Wine Championships "Red Wine of the Year". Sandhill also took home the Premiers Award as well as double gold for the Small Lots Syrah. Red Rooster did extremely well with 27 awards for the portfolio. The top award for Red Rooster was a platinum award on the Riesling. Wayne Gretzky Okanagan was awarded over 20 awards the highest award being Syrah Du Monde for the Wayne Gretzky Signature Series Syrah Viognier. Raven Conspiracy, and Conviction wines also won an array of awards in the past year.

Sales of the Company's wines continue to grow internationally due to our strong relationships with key global partners and favourable currency exchange rates. With a focus on Icewine and Wayne Gretzky Whisky, the Company's products are available in 20 countries around the world. Numerous Michelin Star restaurants have chosen Peller Estates Icewine as part of their offering, including top renowned culinary establishments such as Chez Bruce and Hakkasan in London, UK. Some of the world's finest retailers, including Selfridges, Harrods, and Harvey Nichols, have also selected our Peller Estates Icewine as part of their luxury portfolio. The Company's wines may also be enjoyed on board cruise ships such as Carnival and Cunard and at Canada House in London, UK.

The majority of the Company's brand portfolio was distributed by wine retailers. Key retail sales channels included all liquor boards across English Canada, privately owned wine stores in BC and Alberta, 98 corporately owned retail stores in Ontario called The Wine Shop, two corporately owned retail stores in Niagara called Wine Country Vintners and one corporately owned store in St. Lawrence Market in Toronto called Wine Country Merchants. The Company also sold wine to licensed restaurants. VQA wines were sold in their respective Estate Wineries and delivered direct to restaurants in BC and Ontario. The Company sold VQA wine direct to consumer's homes through e-blast offers to consumers who had previously signed up for communication from the brand. Consumers could also visit the winery websites to place orders. Wine club memberships also distributed wines directly to consumers' homes for Peller Estates, Trius, Wayne Gretzky, Thirty Bench, Sandhill, Red Rooster, and Black Hills Estates.

The Company owns two import agencies, Andrew Peller Imports and the Small Winemakers Collection that sell and distribute premium import wines from suppliers from around the world. Both of these agencies leverage premium import wines to get Company owned wine brands on restaurant wine lists.

Global Vintners Inc. is the leading manufacturer and distributor of personal winemaking products. For over 50 years the company has distributed wine and beer making kits under the brand names Winexpert, Vineco, and Wine Kitz through a network of independent retailers throughout Canada, the United States, the U.K., and a number of other countries.

Trademarks
The Company uses a number of significant trademarks which are owned by the Company or its subsidiaries. Significant trademarks include *Andrés Wines, Andrew Peller Limited*, *Peller Estates, Trius, Thirty Bench, Red Rooster, Sandhill, Wayne Gretzky Estates, No. 99, Wayne Gretzky Okanagan, Black Hills Estates, Gray Monk Cellars, Calona Vineyards, Raven Conspiracy, Conviction, Domaine D'Or, Hochtaler, French Cross, Royal, Round Petal Wines, XOXO, Black Cellar, Copper Moon, skinnygrape, Unreserved, Rebellion, Panama Jack, No Boats on Sunday, Schloss Laderheim, Franciscan, Baby Canadian, Baby Duck, Wine Country Vintners,* and *The Wine Shop.* For the kit business, key trademarks include: *Vintner's Reserve, California Connoisseur, Atmosphere, Cheeky Monkey, KenRidge, Niagara Mist, Cellar Craft, World Vineyard, Selection, Island Mist,* and *Legacy.* Trademarks are important in the marketing and sale of wine and it is the Company's policy to vigorously protect its trademarks.

Competition
The wine industry in Canada is intensely competitive based on quality, price, brand recognition, and distribution. The Company competes with a large number of domestic and international wine producers. The Company is the second largest winery Canada with 6.1% share of the wine market in Total Canada for the 12-month rolling period ended March 2018 and maintained share from over year ago. The largest wine company in Canada is Arterra Wines with a 12.4% share of the market and they also had a share gain of 0.4% over year ago. The Company's competitors range in size from large, well established national and multi-national corporations to small "farm gate" wineries that are limited to selling only wine produced from vineyards that they own or control. With the launch into craft whisky, the Company now also competes with large spirit companies like Diageo (Crown Royal), Pernod Ricard (Jameson/ Glenlivet/ Chivas Regal), William Grant & Son/Hiram Walker (Gibson), Gruppo Compari (Forty Creek), Corby's (J.P Wiser) - who also distributes the Pernod Ricard whisky in Canada - as well as smaller craft producers like Collingwood and Virginia Black. The Company competes on the basis of providing value through a balance of quality and price, promotion, brand recognition, and distribution.

Properties

The following table sets forth information regarding the Company's principal properties and wineries as at March 31, 2018.

Location	Size	Use	Nature of Interest	Capacity (2)
Lake Country, British Columbia	50 acres	Winery, Vineyard, Tour Centre, Retail, Offices	Owned (1)	9,000
Oliver, British Columbia	50 acres	Winery, Vineyard, Tour Centre, Retail, Offices	Owned (1)	3,600
Osoyoos, British Columbia	49 acres	Winery, Vineyard, Tour Centre, Retail, Offices	Owned (1)	1,260
Osoyoos, British Columbia	100 acres	Vineyard	Owned (1)	N/A
Port Moody, British Columbia	4.9 acres	N/A	Owned (1) (3)	N/A
Port Coquitlam, British Columbia	20,000 sq. ft.	Wine Kit Production	Owned (1)	85,000
Port Coquitlam, British Columbia	10,000 sq. ft.	Warehouse, Office	Leased	N/A
Vancouver, British Columbia	6,700 sq. ft.	Office	Leased	N/A
Oliver, British Columbia	124 acres	Vineyard	Owned (1)	N/A
Oliver, British Columbia	72 acres	Vineyard	Leased	N/A
Oliver, British Columbia	307 acres	Vineyard	Leased	N/A
Kelowna, British Columbia	160,000 sq. ft.	Winery & Office	Owned (1)	185,000
Penticton, British Columbia	9,000 sq. ft.	Winery	Owned (1)	500
Cawston, British Columbia	75 acres	Vineyard	Owned (1)	N/A
Stoney Creek, Ontario	111,852 sq. ft.	Warehouse	Leased	N/A
Grimsby, Ontario	141,000 sq. ft. on 26 acres	Winery & Offices	Owned (1)	190,000
Ontario – 101 retail stores, various locations	Each retail store ranges from 180 sq. ft. to 1,000 sq. ft.	Retail	Leased	N/A
Beamsville, Ontario	41 acres	Vineyard	Leased	N/A
Beamsville, Ontario	4,996 sq. ft. 57 acres	Winery, Retail Vineyard	Owned (1)	550
St. Catharines, Ontario	28,000 sq. ft.	Wine Kit Production	Owned (1)	90,000
St. Catharines, Ontario	45,000 sq. ft.	Warehouse	Leased	N/A
Niagara-on-the-Lake, Ontario (Peller Estates)	40,000 sq. ft. on 40 acres	Winery, Vineyard, Tour Centre, Retail, Offices	Owned (1)	8,000
Niagara-on-the-Lake, Ontario (Trius Winery at Hillebrand)	53,000 sq. ft. on 9 acres	Winery, Vineyard, Tour Centre, Retail, Offices	Owned (1)	8,000
Niagara-on-the-Lake, Ontario (Wayne Gretzky Winery and Distillery)	15,000 sq. ft. on 5 acres	Winery, Vineyard, Distillery, Tour Centre, Retail, Offices	Owned (1)	2,000
Niagara-on-the-Lake, Ontario	21 acres	Vineyard	Owned (1)	N/A
Niagara-on-the-Lake, Ontario	70 acres	Vineyard	Owned (1)	N/A
Niagara-on-the-Lake, Ontario	100 acres	Vineyard	Owned (1)	N/A

(1) Company owned properties have been provided as security for the Company's loan facilities.
(2) All production capacities reflect hectolitres per year.
(3) The Port Moody location was closed during December 2005 and was expropriated by the City in fiscal 2013 for five years as it is being used as a staging ground for the Green Line LRT development.

Other Intangible Properties

The Company has approximately 250 authorized retailer agreements in place relating to the distribution of home winemaking products across Canada.

Raw Materials

The Company purchases its raw materials, including grapes, wine, juice, grains, spirits, concentrate, glass bottles, and other packaging materials from a wide range of suppliers from around the world.

The production process involves the preparation of product, packaging, and shipping to customers. The nature of the process and the production inputs required vary by brand. The required liquid production inputs include purchased domestic grapes from local grape growers, grapes harvested from APL owned vineyards, and bulk wine purchased both in Canada and on international markets. The finished product is packaged in glass bottles and bag in box format in the Grimsby, Kelowna, and Truro facilities. Co-packers are used to bottle wine in the tetra pak format and 19.5L stainless steel kegs.

In Ontario and BC, grapes are purchased from a number of third party growers under supply contracts with the Company. In Ontario the Company is required to purchase grape tonnage to meet minimum legal requirements. Grape prices are negotiated annually between Ontario based producers and the Grape Growers' Marketing Board, while in British Columbia, grape prices are negotiated between the Company and individual growers. In BC the industry uses weighted average from the previous vintage as the basis for these negotiations. Grapes purchased in Ontario and BC are used primarily for the Ontario and BC markets, respectively.

The Company's investment in vineyards has helped to ensure it has a high quality and consistent supply of grapes grown in Canada. Niagara-on-the-Lake, the Beamsville Bench, and the Okanagan, and Similkameen Valleys in BC are four of the best locations in the world for the production of premium vinifera grapes. To secure its supply of high-quality grapes, the Company has invested in Ontario and BC vineyards, and owns and leases 715 and 420 acres, respectively.

The Company has entered into a number of contracts with over 75 grape growers in Ontario and BC to ensure that a continuous supply of grapes is available. The contract terms vary from one to twelve years in duration and mature at varying times up to and including the 2027 harvest. The commitments to purchase grapes grown in Canada are approximately $35 million per year.

To complement grapes purchased in Ontario and BC and to meet consumer demand in all regions of the country, the Company purchases wine, juice, and concentrate from suppliers around the world, primarily in Australia, Chile, South Africa, Italy and Spain. The Company has entered into advance purchase contracts with foreign suppliers to purchase bulk wine through 2018.

The Company utilizes various packaging materials, including glass bottles, bag in box, barrels, tetra paks, prisms, kegs, corks, capsules, labels, and cartons in the bottling and packaging of its wines. Glass bottles represent a significant component of the total cost of goods sold. The Company enters into annual contracts with domestic glass suppliers to ensure continuity of supply for high volume brands. The Company has supply agreements for premium imported glass from Italy, France, Columbia and Mexico. Supply risk is mitigated by carrying increased inventories of select bottles.

The Company considers its sources of supply to be adequate.

Other Principal Contracts

Credit Facilities

On September 29, 2017, the Company amended its debt facilities. Amendments include a revised maturity date of September 29, 2022, revised financial covenants and updated applicable margins based on the Company's leverage. Additionally, the total borrowing limit was increased to $310 million and separated into two facilities: a revolving, non-amortizing facility with a borrowing limit of $90 million to be used for day-to-day operations, distributions, and capital expenditures and a revolving, amortizing investment facility with a borrowing limit of $220 million to be used for acquisitions or capital expenditures. Each draw on the investment facility is subject to a new amortization schedule and required annual repayments increase over the term of the loan. The initial draw on the investment facility was used to refinance the previous operating and capital term loans and fund the acquisitions of the three British Columbia premium estate wineries in early October 2017. Monthly principal repayments of $0.5 million are required on the revolving, amortizing investment facility until September 2018. Thereafter, monthly principal repayments of $0.8 million are required. At March 31, 2018, the applicable margin was 1.90% (March 31, 2017 – 1.25%).

The Company has entered into interest rate swaps in order to fix the interest rate on the amount outstanding on the operating term loan at 2.25%, plus applicable margin until September 29, 2022.

The Company and its subsidiaries have provided their assets as security for these loans.

Foreign Exchange Contracts

The Company uses foreign exchange forward contracts to protect against changes in foreign currency rates and as at March 31, 2018, the Company has forward foreign currency contracts to buy USD$4.7 million at rates ranging from $1.23 to $1.27, EUR0.9 million at rates averaging $1.55 and AUD$1.4 million at rates averaging $1.00. These contracts mature at various dates to June 2018.

Retail Store Leases
The Company has operating leases in place for its network of 101 *The Wine Shop, Wine Country Vintners, and Wine Country Merchants* retail store locations. These leases have terms that range from one year to six years in length.

Okanagan Valley Lease
On November 1, 2006 the Company entered into a 30 year lease with Covert Farms Ltd. for 307.1 acres of land in the Okanagan Valley in BC. The lease expires on October 31, 2036.

Employees
As at March 31, 2018, the Company had a total of 1,398 employees, of whom 49 full and part-time employees were covered by a union contract and approximately 550 were full or part-time employees of *The Wine Shop, Wine Country Vintners*, and *Wine Country Merchants* chain of retail stores.

The union in Kelowna, BC is covered by a contract with the Brewery, Winery and Distillery Workers, Local 300. The Kelowna contract was renegotiated on June 1, 2016 and expires on May 31, 2019.

Regulation
The business of the Company is extensively regulated by provincial legislation which governs the manufacture and sale of beverage alcohol. Provincial liquor authorities issue licences for the manufacture and sale of beverage alcohol in each province. Provincial regulations govern the pricing, packaging, labelling, advertising, production, and distribution of products manufactured by licensed wineries, breweries, and distilleries. The Company is in compliance in all material respects with provincial legislation that regulates the manufacture and sale of beverage alcohol. The Company is also in material compliance with all provincial and federal legislation relating to environmental regulations.

The Company is subject to environmental regulation at the federal, provincial, and municipal levels. The Company is committed to addressing environmental matters and to continually improving its environmental performance. Environmental highlights are presented to the Board of Directors twice a year and environmental improvements are incorporated into the business planning cycle.

Environmental performance is monitored internally with a focus on reducing waste, improving processes, and sourcing new recycling streams while meeting environmental laws and regulation. In fiscal 2017, several sites conducted third-party sustainability audits achieving gold, silver, and bronze status. Action plans were created as part of a continual improvement process.

The Company is also subject to local by-laws with respect to wastewater discharge at each of its production facilities and works in partnership with various levels of government to obtain all required environmental permits. APL has implemented measures to reduce wastewater at the source and is actively experimenting with innovative and sustainable ways to reduce biological oxygen demand. The Company continues to invest in environmental infrastructure related to water, air, utilities, and waste to ensure that regulations and environmental standards are met and that the Company's targeted reduction in environmental impact is achieved. An additional B.C. Wine Grape Council sustainability assessment was also completed during fiscal 2018.

Risks and Uncertainties
The Company's sales of wine and spirits are affected by general economic conditions such as changes in discretionary consumer spending and consumer confidence, future economic conditions, changes to Inter-Provincial trade laws, tax laws, and the prices of its products. A steep and sustained decline in economic growth may cause a lower demand for the Company's products. Such general economic conditions could impact the Company's sales through the Company's estate wineries, distillery and restaurants, direct sales through licensed establishments, and export sales through duty free shops. The Company believes that these effects would likely be temporary and would not have a significant impact on financial performance.

The Canadian wine market continues to be the target of low-priced imported wines from regions and countries that subsidize wine production and grape growing as well as providing sizeable export incentives on subsidies. Many of these countries and regions prohibit or restrict the sale of imported wine in their own domestic markets. The Company, along with other members of the Canadian wine industry, are working with the Canadian government to improve support for the domestic industry.

The Company operates in a highly competitive industry and the dollar amount and unit volume of sales could be negatively impacted by its inability to maintain or increase prices, changes in geographic or product mix, a general decline in beverage alcohol consumption, or the decision of retailers or consumers to purchase competitive products instead of the Company's products. Retailer and consumer purchasing decisions are influenced by, among other things, the perceived absolute or relative overall value of the Company's products including their quality or pricing compared to competitive products. Unit volume and dollar sales could also be affected by purchasing, financing, operational, advertising, or promotional decisions made by provincial agencies and retailers which could affect supply of or consumer demand for the Company's products. APL could also experience higher than expected selling and administrative expenses if it finds it necessary to increase the number of its personnel, advertising, or promotional expenditures to maintain its competitive position.

APL expects to increase the sales of its premium wines in Canada principally through the sale of VQA wines, and as a result, is dependent on the quality and supply of domestically grown premium quality grapes. If any of the Company's vineyards or the vineyards of our grape suppliers experience certain weather variations, natural disasters, pestilence, other severe environmental problems, or other occurrences, APL may not be able to secure a sufficient supply of grapes, a situation which could result in a decrease in production of certain products from those regions and/or result in an increase in costs. The inability to secure premium quality grapes could impair the ability of the Company to supply certain wines to its customers. APL has developed programs to ensure it has access to a consistent supply of premium quality grapes and wine. The price of grapes is determined through negotiations with the Ontario Grape Growers Marketing Board in Ontario and with independent growers in British Columbia.

Foreign exchange risk exists on the purchases of bulk wine and concentrate that are primarily made in United States dollars, Euros, and Australian dollars. The Company's strategy is to hedge approximately 50% - 80% of its foreign exchange requirements throughout the fiscal year and to regularly review its on-going requirements. APL enters into a series of foreign exchange contracts as a hedge against movements in U.S. dollar, Euro, and Australian dollar exchange rates. The Company does not enter into foreign exchange contracts for trading or speculative purposes. These contracts are reviewed periodically. Based on the Company's forecasts for foreign currency purchases and the amount of foreign exchange forward contracts outstanding at March 31, 2018, each one percent change in the value of the U.S. dollar, Euro or the Australian dollar would impact the Company's net earnings by an estimated $0.2 million, $0.1 million and $0.1 million respectively.

The Company purchases glass, bag in box, tetra paks, and other components used in the bottling and packaging of wine and spirits. The largest component in the packaging of wine and spirits is glass, of which there are few domestic or international suppliers. There is currently only one commercial supplier of glass in Canada that is able to supply glass to APL's specifications. Any interruption in supply could have an adverse impact on the Company's ability to supply its markets. APL has taken steps to reduce its dependence on domestic suppliers through the development of relationships with several international producers of glass and through carrying increased inventory of selected bottles.

The Company operates in a highly regulated industry with requirements regarding the production, distribution, marketing, advertising, and labelling of wine and spirits. These regulatory requirements may inhibit or restrict the Company's ability to maintain or increase strong consumer support for and recognition of its brands and may adversely affect APL's business strategies and results of operations. Privatization of liquor distribution and retailing has been implemented in varying degrees across the country. The recent regulatory changes relating to privatization in Ontario and sales through grocery outlets remains a risk to the Company through its impact on the Company's retail operations.

The wine industry and the domestic and international market in which the Company operates are consolidating. This has resulted in fewer, but larger, competitors who have increased their resources and scale. The increased competition from these larger market participants may affect the Company's pricing strategies and create margin pressures resulting in potentially lower revenues. Competition also exerts pressure on existing customer relationships which may affect APL's ability to retain existing customers and increase the number of new customers. The Company has worked to improve production efficiencies, selectively increase pricing to increase gross margin, and implement a higher level of promotion and advertising activity to remain competitive. APL and other wine industry participants also generally compete with other alcoholic beverages like beer and spirits for consumer acceptance, loyalty, and shelf space. Any legalization of recreational cannabis may also have an impact on consumption of wine and other beverage alcohol products. No assurance can be given that consumer demand for wine and premium wine products will continue at current levels in the future.

Federal and provincial governments impose excise, other taxes, and mark-ups on beverage alcohol products which have been subject to change. Significant increases in excise and other taxes on beverage alcohol products could materially and adversely affect the Company's financial condition or results of operations. Federal and provincial governmental agencies extensively regulate the beverage alcohol products industry concerning such matters as licensing, trade practices, permitted and required labelling, advertising, and relations with consumers and retailers. Certain federal and provincial regulations also require warning labels and signage. New or revised regulations, increased licensing fees, requirements, taxes, or mark-ups could also have a material adverse effect on the Company's financial condition or results of operations.

The Company's future operating results also depend on the ability of its officers and other key employees to continue to implement and improve its operating and financial systems and manage the Company's significant relationships with its suppliers and customers. The Company is also dependent upon the performance of its key senior management personnel. The Company's success is linked to its ability to identify, hire, train, motivate, promote, and retain highly qualified management. Competition for such employees is intense and there can be no assurances that the Company will be able to retain current key employees or attract new key employees.

The Company has certain defined benefit pension plans. The expense and cash contributions related to these plans depend on the discount rate used to measure the liability to pay future benefits and the market performance of the plan assets set aside to pay these benefits. The Company's Pension Committee reviews the performance of plan assets on a regular basis and has a policy to hold diversified investments. Nevertheless, a decline in long-term interest rates or in asset values could increase the Company's costs related to funding the deficit in these plans.

The competitive nature of the wine industry internationally has resulted in the discounting of retail prices of wine in key markets such as the United States and the United Kingdom. Although significant price discounting may occur in Canada beyond current levels, the Company believes that its product quality, advertising, and promotional support along with its competitive pricing strategies will effectively mitigate the impact of this to the Company.

The Company considers its trademarks, particularly certain brand names and product packaging, advertising and promotion design, and artwork to be of significant importance to its business and ascribes a significant value to these intangible assets. APL relies on trademark laws and other arrangements to protect its proprietary rights. There can be no assurance that the steps taken by APL to protect its intellectual property rights will preclude competitors from developing confusingly similar brand names or promotional materials. The Company believes that its proprietary rights do not infringe upon the proprietary rights of third parties, but there can be no assurance in this regard.

As an owner and lessee of property the Company is subject to various federal and provincial laws relating to environmental matters. Such laws provide that the Company could be held liable for the cost of removal and remediation of hazardous substances on its properties. The failure to remedy any situation that might arise could lead to claims against the Company. A perceived failure to maintain high ethical, social, and environmental standards could have an adverse effect on the Company's reputation.

The success of the Company's brands depends upon the positive image that consumers have of those brands. Contamination of APL's products, whether arising accidentally or through deliberate third-party action, or other events that harm the integrity or consumer support for those brands could adversely affect their sales. Contaminants in raw materials purchased from third parties and used in the production of the Company's products or defects in the fermentation process could lead to low product quality as well as illness among, or injury to, consumers of the products and may result in reduced sales of the affected brand or all of the Company's brands.

DIVIDEND POLICY

The Company's Class A Shares (non-voting) ("Class A Shares") are entitled to a dividend in an amount equal to 115% of any dividends paid or declared on Class B Shares (voting) ("Class B Shares"). On June 6, 2018, the Company's Board of Directors approved a 13.9% increase in common share dividends for shareholders of record on June 29, 2018 payable on July 6, 2018. The annual dividend on Class A Shares was increased to $0.2050 per share from $0.1800 per share and the dividend on Class B Shares was increased to $0.1783 per share from $0.1565 per share. The Company has consistently paid common share dividends since 1979 and has increased dividends every year for the past five years. The Company's dividend payments are reviewed annually by the Board of Directors.

On June 2, 2016 the Company's Board of Directors approved a Dividend Reinvestment Plan (DRIP) for Class A Shares effective on September 9, 2016. Under the DRIP, registered Class A shareholders can elect to have 100% of their dividends reinvested to purchase additional Class A Shares. The Board of Directors believes the DRIP provides Class A shareholders with a cost-effective method to increase their investment in the Company.

DESCRIPTION OF CAPITAL STRUCTURE

The authorized share capital of the Company consists of an unlimited number of Preference Shares, issuable in one or more series, of which 33,315 are designated as Preference Shares, Series A, an unlimited number of Class A Shares and an unlimited number of Class B Shares. The only classes of shares of APL that are issued and outstanding are Class A Shares and Class B Shares. The only shares of the Company which are entitled to vote on matters set out in the notice of meeting of security holders are the Class B Shares. Neither the Class A Shares nor the Class B Shares may be subdivided, consolidated, reclassified, or otherwise changed unless contemporaneously therewith the other class of shares is subdivided, consolidated, reclassified, or otherwise changed in the same manner and in the same proportion. In the event of liquidation, dissolution, or a winding-up of the Company, all of the Company's property and assets available for distribution to the holders of Class A Shares and Class B Shares shall be paid or distributed equally, share for share, to the holders of Class A Shares and Class B Shares, respectively. In the event a takeover bid is made for Class B Shares, the holders of Class A Shares have no right to participate on such takeover bid.

On October 1, 2017, the Company issued 1,579,670 Class A Shares as part of the consideration for the purchase of Gray Monk Cellars Ltd. In March 2018, 310,028 Class B Shares were converted in Class A Shares on a one-for-one basis. On March 31, 2018 the Company had outstanding 8,702,095 Class B Shares without nominal or par value, each carrying the right to one vote per share, and 35,471,185 Class A Shares.

As described above, Class A Shares are non-voting securities and are entitled to a dividend in an amount equal to 115% of any dividend paid or declared on Class B Shares. Class B Shares are voting securities and convertible into Class A Shares on a one-for-one basis.

MARKET FOR SECURITIES

The Class A Shares (stock symbol "ADW.A") and Class B Shares (stock symbol "ADW.B") are listed and posted for trading on the Toronto Stock Exchange. The monthly volume of trading and price ranges of the Class A Shares and Class B Shares on the Toronto Stock Exchange over fiscal 2018 are as follows.

Class A Shares (non-voting)

Period	High	Low	Close	Volume
2017	**$**	**$**	**$**	
April	11.50	10.69	10.92	374,951
May	11.25	10.82	11.05	268,879
June	11.16	10.60	10.95	386,754
July	11.20	10.80	11.10	268,563
August	11.31	10.63	10.93	386,210
September	12.25	10.82	12.01	757,924
October	12.44	11.60	12.35	401,860
November	13.60	12.22	13.55	589,484
December	15.74	13.52	15.60	594,344
2018				
January	16.50	14.70	15.34	1,013,795
February	17.98	13.47	17.57	982,870
March	19.04	16.58	18.14	1,467,190

Class B Shares (voting)

Period	High	Low	Close	Volume
2017	**$**	**$**	**$**	
April	11.40	10.87	11.00	14,854
May	11.83	10.80	11.40	15,533
June	11.32	10.99	11.15	7,393
July	11.85	11.07	11.07	9,568
August	11.99	11.15	11.80	952,700
September	13.00	11.31	12.95	63,815
October	12.95	12.34	12.80	12,495
November	13.78	12.94	13.78	8,058
December	16.67	13.51	16.50	25,352
2018				
January	16.90	15.26	15.60	26,394
February	17.65	14.44	17.65	28,177
March	18.80	17.50	18.03	58,650

DIRECTORS AND OFFICERS

The names, provinces of residence, and principal occupation of the directors of the Company and the period during which each director has served on the Board of Directors are as follows:

Name and Province of Residence	Principal Occupation	Director Since
DINO J. BIANCO (1) (3) (5) Ontario, Canada *Welbilt Inc. is a global leader in professional foodservice equipment and systems.*	Chairperson of the Audit Committee Welbilt Inc.	2016
MARK W. COSENS (1) (2) (3) Ontario, Canada *Kilbride Capital Partners is a private management advisory firm.*	Managing Director Kilbride Capital Partners	2001
LORI C. COVERT (3) Nova Scotia, Canada	Corporate Director	1993
RICHARD D. HOSSACK, PhD (1) (2) Ontario, Canada *Hossack and Associates Limited is a management consulting firm.*	President Hossack and Associates Limited	2004
MICHELLE E. MALLETT (2) Ontario, Canada *Trillium Health Partners is a leading hospital offering full range of acute care hospital services, as well as a variety of community based, specialized programs.*	President and Chief Executive Officer Trillium Health Partners	2016
PERRY J. MIELE (1) (2) Ontario, Canada *Beringer Capital is a company experienced in a broad range of disciplines including operations, finance, new business, and strategy.*	Chairman & Managing Partner Beringer Capital	2010
A. ANGUS PELLER, M.D. (3) Ontario, Canada *Medcan Health Management Inc. is a health management company.*	Senior Medical Consultant Medcan Health Management Inc.	1991
JOHN E. PELLER (4) Ontario, Canada	Chief Executive Officer and Chairman Andrew Peller Limited	1989

(1) Member of Audit, Finance, and Risk Committee
(2) Member of Governance and Human Resources Committee
(3) Member of Pension Committee
(4) Chairman of the Board of Directors
(5) Dino J. Bianco resigned from the Audit Committee effective January 15, 2018

Each term is three years and there is a maximum of three such terms for a total of nine years of service on the Board. At its discretion, the Board may extend the limit beyond the maximum if circumstances warrant.

Officers Who Are Not Directors

The names and provinces of residence of the executive officers of the Company who are not directors and the position and principal occupation of each of them with the Company as of March 31, 2018 are as follows:

Name and Province of Residence	Principal Occupation
RANDY A. POWELL Ontario, Canada	President
BRENDAN P. WALL Ontario, Canada	Executive Vice President, Operations
SHAWN B. MACLEOD Ontario, Canada	Executive Vice President, Marketing
GREGORY J. BERTI Ontario, Canada	Vice President, Government Relations and Export
JAMES H. COLE Ontario, Canada	Vice President, Retail and Estate Wine Group
ERIN L. ROONEY Ontario, Canada	Vice President, Sales, Eastern Canada and Agency
GAVIN J. HAWTHORNE Ontario, Canada	Vice President, Sales & Marketing, GVI
CRAIG D. MCDONALD Ontario, Canada	Vice President, Winemaking

There are no existing or potential conflicts of interest between any director or officer of the Company or its subsidiaries and the Company and its subsidiaries. There are no cease trade orders (or similar orders) involving any director or officer and there are no other penalties, sanctions, insolvency, or bankruptcy proceedings outstanding. During the past five years, each of the officers of the Company has had the same or similar principal occupation with the Company or the organization indicated, except: Ms. Rooney who, prior to May 2013 was Vice President, Sales at S.C. Johnson, Mr. MacLeod who, prior to November 2017 was the General Manager of Mars Food Canada and Mr. Powell who, prior to November 2016 was the Founding Partner of Southpier Capital Inc.

The directors and executive officers of APL as a group beneficially own, or control or direct, directly or indirectly, 5,994,198 Class B Shares, being approximately 68.9% of the issued and outstanding Class B Shares of the Company.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Company's Class A Shares (non-voting) and Class B Shares (voting) is Computershare Investor Services Inc. with its head office in Toronto where the registers of transfers for the Company's securities are located.

INTERESTS OF EXPERTS

The audited financial statements of the Company for the year ended March 31, 2018 filed with the Canadian securities administrators are audited by PricewaterhouseCoopers LLP, Chartered Professional Accountants. PricewaterhouseCoopers LLP has reported that they are independent of the Company in accordance with the rules of professional conduct of the Chartered Professional Accountants of Ontario.

REPORT OF THE AUDIT COMMITTEE

The text of the Audit, Finance, and Risk committee's charter is attached as Schedule "A" to this AIF.

The Audit, Finance, and Risk Committee (the "Audit Committee") is composed entirely of independent directors. The four members of the Audit Committee during the year ended March 31, 2018 were Dino J. Bianco (Chairman), Mark W. Cosens, Richard D. Hossack and Perry J. Miele. Dino J. Bianco resigned from the Audit Committee effective January 15, 2018. The Company has begun a formal search process for a new Director to replace Mr. Bianco. In the interim Mr. Richard Hossack, a current Director, will assume the position of Chair of the Company's Audit Committee. All members of the Audit Committee for the year ended March 31, 2018 are considered by the Board to be financially literate by way of their business experience and educational background. The following is a brief summary of the education and experience that is relevant to the performance of the responsibilities as Audit Committee members:

Audit Committee Member	Relevant Education and Experience
Dino J. Bianco	Mr. Bianco is the chairperson of the Audit Committee and a member of the Compensation Committee of Welbilt Inc., a global leader in professional foodservice equipment and systems. Mr. Bianco was elected to the Board of Directors in May 2015. He formerly served as Executive Vice President of Kraft Foods Group, Inc. and President of its Beverages business. Mr. Bianco is a Chartered Professional Accountant, and prior to joining Kraft he was employed by PricewaterhouseCoopers LLP.
Mark W. Cosens	Mr. Cosens is the Managing Director at Kilbride Capital Partners and a former Managing Director of Korn/Ferry International, specializing in industrial, energy, and financial services. Prior to joining Korn/Ferry International, Mr. Cosens held several positions in the investment and commercial banking industry. Mr. Cosens holds a Bachelor of Arts in Economics from the University of Western Ontario and an LLB from Osgoode Hall Law School.
Richard D. Hossack	Mr. Hossack retired from his role as President and Senior Partner of Delta Oliver Wyman in Canada. He holds a Ph.D. in Organizational Behavior from the Fielding Graduate Institute, an M.B.A. in Finance from the University of Toronto, a B.Comm. in accounting and economics and a BsC. in mathematics and physics, both from the University of Manitoba. He was formerly a senior partner in both Coopers & Lybrand and in PricewaterhouseCoopers consulting groups.
Perry J. Miele	Mr. Miele is Chairman and Managing Partner of Beringer Capital responsible for investing activities, strategic development, and oversight of Beringer's investment portfolio. Since 2006 he has also been serving as the Executive Chairman of Budco, a marketing and fulfillment company, servicing some of the Fortune 100 Companies. Mr. Miele is also a member of the Young Presidents' Organization and a member of McGill's "expert panel" for the M.B.A. program.

Pre-Approval Policies

The Audit Committee has adopted the following policies and procedures for the engagement of non-audit services. The Audit Committee will pre-approve all audit and non-audit services provided by the auditors. This is accomplished through the Audit Committee's recommendation to the holders of Class B Shares on the approval of the appointment of the auditors at the Company's annual meeting and through the Audit Committee's review of the auditors' annual audit plan. Periodically the Audit Committee will update an agreed list of pre-approved services that are recurring or otherwise reasonably expected to be provided. Any additional requests for pre-approval will be addressed on a case-by-case basis to the Audit Committee. The engagement may commence upon approval by a quorum of the full Audit Committee.

External Auditor Service Fees
The table below provides disclosure of the services provided and fees earned by the Company's external auditors over the Company's two most recently completed fiscal years:

Type of Services	Fees – Fiscal 2018	Fees – Fiscal 2017
Audit fees	$391,500	$225,750
Audit-related fees (1)	123,820	364,211
Sub-total	$515,320	$589,961
Tax fees	43,000	36,750
Tax advice	12,330	23,330
All other services (2)	52,834	-
Total	$623,484	$650,041

(1) Audit-related fees are largely comprised of audit, accounting and tax due diligence work performed in relation to the Company's three corporate acquisitions in fiscal 2018. In fiscal 2017, fees mainly related to accounting and tax due diligence work performed in relation to a strategic acquisition that was not completed.
(2) All other services relate to a sub-lease agreement for office space entered into during fiscal 2018. The arrangement was conducted at market rates and is not considered significant to either party.

All recommendations of the Audit Committee to compensate the external auditor in fiscal 2018 and fiscal 2017 have been approved.

Audit Fees
Audit fees were paid for professional services rendered by the auditors for the audit of the Company's annual financial statements as well as services provided in connection with statutory and regulatory filings.

Audit-related Fees
Audit related services were paid for assurance and related services that were reasonably related to the performance of the audit, review of the annual financial statements, or support provided for assistance in completion of the Company's compliance with National Instrument 52-109 and are not reported under the audit services category above. These services also consist of quarterly meetings with management. Audit-related fees in fiscal 2018 were also paid for audit, accounting and tax due diligence work performed in relation to corporate acquisitions.

Tax Fees
Tax fees were paid for tax compliance, tax advice, and tax planning professional services. These services consisted of reviewing tax returns and assisting in responses to government tax authorities.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and principal holders of the Company's securities is contained in the Company's Management Information Circular which will be dated July 31, 2018. None of the directors, officers, 10% (or more) shareholders of the Company, or any of their respective associates or affiliates have had within the past three most recently completed financial years, or during the current fiscal year, a material interest, direct or indirect, in any transaction that has materially affected or is reasonably expected to materially affect the Company. Additional financial information, including audited comparative consolidated financial statements for the year ended March 31, 2018 and related Management's Discussion and Analysis ("MD&A") is provided in the Annual Report to Shareholders. This and other information related to the Company can be accessed through SEDAR at www.sedar.com.

SCHEDULE “A”

CHARTER OF THE AUDIT, FINANCE, AND RISK COMMITTEE OF THE BOARD OF DIRECTORS OF ANDREW PELLER LIMITED

Purpose
The primary purpose of the audit committee (the “Audit Committee”) of the board of directors (the “Board”) of Andrew Peller Limited (the “Corporation”) is to assist the Board of Directors in fulfilling its oversight responsibilities for the Corporation’s internal control and management’s information systems; reviewing the quarterly financial statements and managements’ discussion and analysis prior to their release and recommend their approval to the Board; reviewing the annual audited financial statements and management’s discussion and analysis prior to their release and recommend their approval to the Board; reviewing accounting and auditing developments and meeting with both financial and accounting personnel and the external auditors on issues relevant to the Corporation; reviewing the Corporation’s policies and practices relating to insurance coverage, foreign exchange and interest rate hedging and, reviewing and assessing the qualifications, independence, and performance of the Corporation’s auditors.

Consistent with this function, the Audit Committee should encourage continuous improvement of, and should foster adherence to, the Corporation’s policies, procedures, and practices.

Approval of Charter
This Audit Committee charter requires approval by the Board.

Future changes to this charter require approval by the Board based on the recommendation of the Audit Committee.

Structure and Composition
The Audit Committee shall consist of no fewer than three members from among the Board.

Each member of the Audit Committee shall be free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgement as a member of the Audit Committee; and meet the independence and experience requirements of the Toronto Stock Exchange and all applicable rules and regulations in Canada relating to corporate governance and audit committee matters, including Multilateral Instrument 52-110 (the “Regulations”).

All members of the Audit Committee must be “financially literate” as such term is defined by the Regulations. The Board shall make determinations as to whether each member of the Audit Committee satisfies this requirement. The members of the Audit Committee shall be appointed by the Board annually on the recommendations of the Governance and Human Resource Committee or until successors are duly appointed.

The Board shall normally designate the Chair of the Audit Committee. In the event that a Board designation is not made, the members of the Audit Committee shall elect a temporary Chair for such meeting by majority vote of the members in attendance at the meeting.

Once appointed, Audit Committee members shall cease to be a member of the Audit Committee only upon:

(i) resignation from the Board
(ii) death
(iii) disability
(iv) not being re-appointed pursuant to the appointment process described above.

Meetings
The Audit Committee shall meet at least quarterly and more frequently as circumstances dictate.

A majority of Audit Committee members are required for meeting quorum. In the event that the number of Audit Committee members is an even number, one half of the number of members shall constitute a quorum.

The Audit Committee shall meet at least annually with management and the Corporation’s auditor in separate committee sessions.

The Audit Committee may request any officer or employee of the Corporation or the Corporation's outside counsel or independent auditor to attend a meeting of the Audit Committee or to meet or provide consultations to the Audit Committee or any member thereof.

The CEO, the President, the CFO and Executive Vice-President Human Resources and IT of the Corporation and representatives of the independent auditors shall normally attend meetings of the Audit Committee. Others may also attend meetings as the Audit Committee may request. Notice of all meetings of the Audit Committee shall be sent to the Auditors as well as Audit Committee members.

Resolutions
Resolutions of the Audit Committee shall require approval by a simple majority of members voting on such resolution. The Chair of the Audit Committee shall not have a deciding vote in the case of a tie.

Responsibilities and Duties

i) Minutes and Reporting to the Board

The Audit Committee shall prepare written minutes of all meetings. The Chair of the Committee or designate shall report to the Board of Directors after each meeting the significant matters addressed by the Committee at such meeting and a copy of the minutes shall be made available to all members of the Board. The Audit Committee shall make regular reports to the Board, but not less frequently than quarterly.

ii) Independent Auditor

With respect to the Corporation's independent auditor the Audit Committee shall:

- be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the issuer, including the resolution of disagreements between financial management and the external auditor regarding financial reporting
- have sole authority to recommend to the Board the appointment or replacement of the independent auditor (subject to shareholder approval)
- recommend to the Board the compensation of the independent auditor
- have the independent auditor report directly to the Audit Committee
- determine the extent of involvement of the independent auditor in reviewing unaudited quarterly financial results
- meet with the independent auditor prior to the annual audit to discuss the planning, scope and staffing of the audit
- approve the selection of the senior audit partners having primary responsibility for the audit and the audit partner responsible for reviewing the audit
- at least on an annual basis, evaluate the qualifications, performance, and independence of the independent auditor and the senior audit partner having primary responsibility for the audit
- obtain and review a report from the independent auditor at least annually regarding:
    - (i) the independent auditor's internal quality-control procedures
    - (ii) any material issues raised by the most recent internal quality control review, or peer review, of the firm, or raised by any inquiry or investigation by government or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm
    - (iii) any steps taken to deal with any issues
    - (iv) all relationships between the independent auditor and the Corporation
- review and approve the Corporation's hiring policies regarding partners, employees, and former partners and employees of the present and former independent auditor
- pre-approve all auditing services and permitted non-audit services (including fees and terms thereof) to be performed for the Corporation or its subsidiaries by its independent auditor

iii) Financial Reporting

With respect to the Corporation's reporting of unaudited quarterly financial results, the Audit Committee shall:

- Prior to their public release and filing with securities regulatory agencies, review and discuss with management and the independent auditor the:
    - press release
    - consolidated financial statements and notes thereto
    - management's discussion and analysis
    - results of any independent auditor's review requested/approved by the Audit Committee
    - review the Corporation's unaudited quarterly financial results

- recommend to the Board whether the unaudited quarterly financial statements of the Corporation should be approved by the Board

iv) Year-End Audit

With respect to the Corporation's annual audit, the Audit Committee shall:

- Prior to their public release and filing with securities regulatory agencies, review and discuss with management and the independent auditor the:

  - financial statements and notes thereto for consolidated and separate entities
  - management's discussion and analysis
  - results of the independent auditor's audit
  - notice of annual meeting of shareholders
  - annual information form

- The review of the Corporation's audited financial results, shall include:

  - any significant judgements (e.g. estimates and reserves) made in the preparation of financial statements
  - any significant disagreements among management and the independent auditors in connection with the preparation of financial statements
  - the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented
  - significant financial reporting issues and judgements made in connection with the preparation of the Corporation's financial statements, including any significant changes in the Corporation's selection or application of accounting principles, any major issues as to the adequacy of the Corporation's internal controls and special steps adopted in light of material control deficiencies
  - the Corporation's use of "pro forma" or "adjusted" non-GAAP information
  - critical accounting policies and practices
  - review of alternative treatments of financial information in all cases, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor
  - any written communications between the independent auditor and management (e.g. management letters, schedule of unadjusted differences)
  - the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Corporation's financial statements
  - management certifications of reports filed by the Corporation pursuant to the Regulations
  - integrity of the Corporation's financial reporting processes
  - any correspondence with regulators or government agencies and any published reports which raise material issues regarding the Corporation's financial statements or accounting policies
  - results of the independent auditor's audit
  - discussions with the independent auditor regarding significant adjustments, management judgements and accounting estimates, significant new accounting policies, any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information, and any significant disagreements with management
  - a verbal and/or written report, as appropriate, from the independent auditors describing
    (i) all critical accounting policies and practices to be used
    (ii) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditors and
    (iii) other material communications between the independent auditors and management, such as the annual management letter or schedule of unadjusted differences

- Recommend to the Board whether the audited consolidated financial statements of the Corporation should be approved by the Board

v) Annual Proxy Statement and Regulatory Filings

The Audit Committee shall:

- issue any reports required of the Audit Committee to be included in the Corporation's annual proxy statement
- review and recommend to the Board the approval of all material documents filed with securities regulatory agencies including:
  - Consolidated Year-end Financial Statements
  - Annual Information Form
- satisfy itself that the adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the documents referred to above, and periodically assess the adequacy of those procedures

vi) Related Party Transactions and Off-Balance Sheet Structure

The Audit Committee shall:

- Review all related-party transactions including those between the Corporation and its officers or directors and, if deemed appropriate, recommend approval of any particular transaction to the Board
- Review any material off-balance sheet structures, which the Corporation is a party to
- Review the audited financial statements for the Corporation's pension plans and the costs and obligations of such plans annually

vii) Internal Controls, Risk Management and Legal Matters

The Audit Committee shall:

- consider the effectiveness of the Corporation's internal controls over financial reporting and related information technology security and control including the process to communicate such controls and roles and responsibilities
- satisfy itself that adequate procedures are in place for the review of the issuer's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure referred to above, and will periodically assess the adequacy of those procedures
- discuss with management the Corporation's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Corporation's risk assessment and risk management policies including the use of derivative financial instruments. Areas to be considered in this respect include:
  - insurance coverage
  - foreign exchange exposure
  - interest rate exposure

- review with management, and if necessary, the Corporation's counsel on a quarterly basis:
  - any legal matter which could reasonably be expected to have a material impact on the Corporation's financial statements or accounting policies, and
  - the status of all material law suits

viii) Capital Structure, Investment and Cash Management Policies, Disclosure Policy

The Audit Committee shall:

- review and recommend to the Board whether any changes to the Corporation's capital structure should be approved
- review and approve the Corporation's investment and cash management policy
- review and approve the Corporation's disclosure policy

ix) “Whistle Blower” and Related Procedures

- The Audit Committee shall oversee the establishment of procedures for the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters and for the confidential and/or anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters. The identity of any person making a submission on a confidential basis shall be revealed, at a minimum, to the Chair of the Audit Committee. The identity of any such person, however, will otherwise be treated as confidential. The Committee shall also be provided with such evidence as it requests to confirm that no disciplinary action has been taken against such person
- Management shall report to the Audit Committee on a timely basis all discovered incidents of fraud within the Corporation, regardless of monetary value

x) Review of Charter and Self Assessment

The Audit Committee shall:

- Review and reassess annually the adequacy of this Charter
- Review annually the Audit Committee’s own performance

xi) Corporate Knowledge and Other Activities

The Audit Committee shall:

- Strive to expand continually its knowledge of the Corporation’s activities
- Carry out such other activities consistent with this Charter, the Corporation’s by-laws and governing law, that the Audit Committee or the Board deem necessary or appropriate

Other Advisors
The Audit Committee shall have the authority to retain independent legal, accounting or other advisors including consulting with the national office of the independent auditor. The Corporation shall provide for appropriate funding, as determined by the Audit Committee, for payment of compensation to the independent auditor for the purpose of rendering or issuing an audit report and to any advisors employed by the Audit Committee.

Limitations on Committee’s Duties
While the Audit Committee has the responsibilities and power set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Corporation’s financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of either management and/or the independent auditor.

In discharging its duties, each member of the Audit Committee shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this Charter, including designating any member of the Committee as an “audit committee financial expert” is intended, or should be determined to impose on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all members of the Board are subject.

The essence of the Committee’s responsibilities is to monitor and review the activities described in this Charter to gain reasonable assurance (but not to ensure) that such activities are being conducted properly and effectively by the Corporation.